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AMBASSADOR EDWIN G. CORR

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I welcome the opportunity to appear here today to talk about the United States cooperative anti-narcotics program with the government of Peru, a country in which until recently I had the privilege of serving as American Ambassador.

To set the framework for our international narcotics control program in Peru, I would like first to describe the general situation there in relation to coca cultivation and domestic usage.

Large numbers of indigenous Peruvians have grown and chewed coca for more than 2,000 years. Peruvian law permits coca to be grown in specified locations and in specified quantities for traditional use and for legal pharmaceutical purposes. Legal cultivation is licensed and its marketing is controlled by the Government of Peru (GOP) through ENACO (the government national coca monopoly). Any program to reduce the level of cultivation of coca must take into account licit cultivation and needs.

During the 1970's Peru emerged as one of the world's two principle producers of coca leaf (Bolivia being the other). Up until recently, in fact, as much as three-fourths of the cocaine hydrochloride (HCL) produced in Colombia was estimated to be the product of coca leaf grown in Peru. (Increased

Bolivian production has changed this ratio). Although there is no single agreed estimate for how much coca is grown in Peru, the U.S. Embassy estimates that 50,000 hectares are under cultivation, producing 50,000 metric tons of coca leaf annually. Since only about 14,000 metric tons are needed for licit domestic and international use, 36,000 metric tons are excess and thus available to the illicit international market. The bulk of the coca leaves grown in Peru is processed into coca paste and base and smuggled to Colombia and Brazil for the manufacture of cocaine HCL, which is then transshipped to the United States and other foreign markets.

The total value to the Peruvian economy of illicit coca production and cocaine trafficking has been roughly estimated at $850 million per year. While not all this money actually enters the economy (an indeterminate amount being spent or invested abroad), it still makes coca one of Peru's three or four major foreign exchange earners.

In view of Peru's position as one of the world's two major suppliers of the raw material for cocaine, the issue of illicit drug production and trafficking is a significant and integral part of our overall bilateral relations with that country. Addressing the problem and seeking to develop effective

anti-narcotics efforts with the GOP has been a major priority of the U.S. Mission in Lima, and I can assure you that top U.S. officials, including the Ambassador, DCM, and our AID director, frequently discuss aspects of the issue with Ministerial level Peruvian officials. The subject is, in brief, part of the mainstream of our diplomatic relations, not just some technical footnote to them.

Happily, the Government of Peru is itself greatly concerned about the narcotics issue. It very much wants to prevent the illegal coca trafficking from leading to the wide-spread corruption of law enforcement officials that has occurred in other countries. Major political parties and politicians have denounced the traffickers and their deleterious impact on the country.

While the importance of economic problems and development has precluded the GOP from assigning the highest priority to an anti-narcotics effort and although some politicans occasionally express sympathy for the individual coca grower, the GOP has cooperated substantially with the United States in attempting to reduce the traffic in illicit narcotics. Not only has the GOP in recent years enacted a number of laws which carry stiff penalties for narcotics offenses, the government in Lima more than doubled its resource commitment to narcotics control

programs between 1978 and 1980 (from about $1.3 to $3.1 million). Concomitantly, the GOP has increased the number of both people and organizations responsible for reducing the illicit narcotic trade.

Our INC program in Peru is being summarized in the testimony of Acting Assistant Secretary for INM, Joseph Linnemann, and I don't think it necessary for me to cover the same ground. Furthermore, you will be hearing from Mr. Weber of the Agency for International Development concerning details of AID's new agricultural development/income replacement project. I therefore propose to make only a few general comments about what we are doing and seeking to accomplish in Peru and then stand ready to answer any specific questions you may have as the result of the various presentations on Peru you will be receiving today.

The recent history of our international narcotics control program in Peru is one of diversified support for a rather wide variety of Peruvian institutions. While the main thrust has been weighted toward enforcement activities, we have in addition been helping the Ministry of Education with its nascent drug education and treatment program; the Office of the Attorney General for Narcotics in its program to improve the efficiency with which it prosecutes narcotics cases; and the

Executive Office of Narcotics Control in its efforts to coordinate information on narcotics in Peru and the activities of the many institutions and organizations in the country dealing with the problem. As in many other countries, we are also cooperating with Customs, but so far at least have not found this organization in Peru the most effective vehicle for pursuing interdiction efforts. As in some other areas, there are simply too many conflicting priorities, compounded by severe shortages of qualified personnel.

Our largest, and so far most promising enforcement project has been with the Peruvian Investigative Police (PIP) and the Guardia Civil (GC). The former is charged with investigation of all felonies, including narcotics offenses. The Guardia Civil is responsible for crime prevention, investigation of misdemeanors and, where there is no PIP presence (usually in rural areas), the investigation of all criminal offenses, including narcotics. Both PIP and the GC have narcotics units functioning on national and regional levels, and both have a narcotics training center plus mobile training teams. The natural, healthy rivalry between these two organizations has contributed to a more effective law enforcement effort than occurs in many countries. We continue to believe both have a role to play in Peru and our cooperation with, and assistance to each is very cost-effective.

Although nominally under the jurisdiction of the Guardia Civil, a new organization called UMOPAR (Mobile Rural Patrol Unit) has been established with the help of substantial US assistance. This police organization, based in Tingo Maria in the Upper Huallaga valley producing area, will form the cornerstone of the rural enforcement and eradication part of the new integrated attack on illicit coca production, to which I would now like to turn.

As you will be hearing in detail later, the big news in relation to our narcotics control program in Peru is the recent inauguration of a combined multi-faceted INM, AID, government of Peru attack on the illegal cultivation of coca in the Upper Huallaga Valley on the eastern slope of the Andes. This first "marriage" of INM's enforcement/eradication activities with AID's agricultural development objective is, I firmly believe, the type of approach we should be striving for not only on a broader scale in Peru, but in other countries as well. There may be cases where pure eradication and law enforcement, if both are effectively undertaken, will be adequate to bring about a significant reduction in the production and flow of illicit narcotics. However, in areas where for political, social or purely economic reasons termination of illicit production must be compensated for in order to be effective,

complementary agricultural development programs designed to provide income substitutes to the small farmers have to be developed. Since most countries where this problem exists are resource poor and US development assistance is probably already available to some extent, it is eminent sense to try to tailor such assistance to accomplish, in a synergistic manner, the objectives of both the anti-narcotics effort and the rural development effort.

One last word on the Upper Huallaga, if I may. There obviously is in such a campaign -- in Peru or elsewhere -- the inherent possibility that displaced producers of illicit narcotics will relocate and take up the same trade. Limited evidence of this has been seen in Peru following a major one-shot eradication effort in 1980. Thus, it is imperative that thinking about such combined eradication/development activities be done in a country-wide context by both US and host government authorities. We are trying to approach the problem this way in Peru and are urging the Peruvians to take the same tack. Resources permitting (and I fear it will take a substantial amount of them), even before the Upper Huallaga is rid of illicit coca production similar, parallel campaigns could be under way in other key coca production areas.

As for the future of our efforts in Peru, the critical

factor affecting the success of the INC program is the commitment of the government of Peru. The Fernando Belaunde Terry administration has demonstrated its dedication to the anti-narcotics effort, but continuing economic and development difficulties, combined with the internal security problems limit the ability of the government to commit significant human and monetary resources. Moreover, as I have tried to explain, the need for an integrated income substitution and an agricultural development program is manifest if we are to have any prospect of a long-term solution to the problem. Consequently, it is important that the United States be prepared to contribute sufficient sums toward not only enforcement/control efforts, but also toward agricultural/development goals, and that these dual efforts be carefully coordinated.

Thank you.

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